

CHAPTER 2

LITERATURE REVIEW

This chapter will begin with the review of literature from the theoretical frameworks of social gerontology. The related theory is then linked to the empirical findings on shopping behavior and marketplace needs of the older consumers in general.

2.1 Theoretical Framework

In an effort to understand the behavior of retired consumers, it is important to first identify the theoretical developments behind the study of ageing. Bengston, Burgess and Parrot (1997) have pointed out that theoretical developments in gerontology have lagged well behind other social and human science disciplines (cited in Powell, 2001). They have further proven the above statement when they conducted a study on published literature in eight leading social gerontology journals from 1990 to 1995, which found that 80 percent of the articles lacked a theoretical framework for their research findings.

There are many theories explaining the process of ageing such as the life course perspectives, disengagement, activity and continuity theories. However, the two functionalist theories, which dominated the study of ageing in the 1950s and 1960s were disengagement and activity theories. Both disengagement and activity theories postulated not only how individual behavior changes with ageing, but also imply how it should change (Powell, 2001). Disengagement theory looked at how older people should separate from work roles and prepare for the ultimate disengagement, i.e. death (Powell, 2001). The process of disengagement is a natural and normal tendency reflecting a basic biological rhythm of life and because the status of older adults declines when society becomes more modern and efficient, it is natural for older people to disengage from society. Retirement is an example of the disengagement process, where

older people are released from his/her work obligation. In this model, the older adults willingly retire from work to pursue other solitary, passive activities while preparing for death. This theory was successful during the 1950s due to the shorter life expectancy, earlier onset of disability, mandatory retirement and few organized activities for older people (Bearon, 1996). However, the College of Liberal Arts and Sciences, University of Florida has criticized this theory, stating that the social conditions prevalent today are very different from the time the theory evolved during the 1950s. Additionally, disengagement was not necessarily a global pattern of behavior. The physical and mental changes occurring in each older person would vary from country to country.

On the other hand, the second theory, activity theory, contradicts disengagement theory as it claimed that a successful "old age" could be achieved by maintaining roles and relationships (Powell, 2001). Havighurst and Albrecht (1953, cited in Joung, 2002) were the pioneers of this theory who suggested that to successfully adjust to ageing, it was important to keep active. This theory also stated that older people would continue with the roles and life activities established earlier because they continued to have the same needs and values. The more active older people were, the more likely they were to be satisfied with life (College of Liberal Arts & Science, 2000). Most of the consumer behavior researches in this field concentrated in the concept of activity theory. Kelly (1982) mentioned that the activity approach to ageing was based on the premise that older people continued to have the same kinds of psychological and social needs as earlier in the life course.

In recent years, another theory of ageing emerged and was known as continuity theory. This theory proposed that people who aged most successfully were those who carried forward their habits, preferences, lifestyles and relationship acquired from midlife into late life. Research studies that were conducted showed that variables measured in midlife are strong predictors of outcomes in later life (Bearon, 1996). This was also supported by Szmigin and

Carrigan (2000)'s study, which suggested that age might be less of a barrier to continuing activity and consumption than in previous generations of older people.

2.2 Empirical Findings

Researchers in the area of gerontology have long analysed the process of ageing and have established theories behind the development of human ageing. On the other hand, researchers in the field of consumer behavior have, in recent years, been actively conducting various researches on the aspects of consumer behavior in this segment. These consumers have been found to remain active in their social life even though they have retired from their work role. An area of interest to marketers seemed to be the study of marketplace needs of the older consumers. The researches conducted were mainly targeted at the older consumers in general and not at retirement solely as a life event of the older consumers.

In Lambert (1979)'s study on elderly consumers' retail needs, unstructured and open-ended interviews on what companies might do to help senior citizens were conducted in Florida. Discounts for the elderly top the list of desires of this group. More than 50 percent of the retirees wanted the senior citizen discounts to be extended to a wider variety of products and services. This was followed by improved retail personnel-consumer interactions in which the elderly consumers wanted store personnel to treat them with more courtesy, dignity, and patience. This resulted from dissatisfied treatment from most store personnel. The older consumers also commented on store employees who were perceived as rude, impatient and disinterested in entertaining the elderly consumers. Thirdly was requirement for greater assistance in locating products within the store. This entailed assistance by store personnel, more complete and readable store directories and group of products catered to people of retirement age. Concern raised was that the older consumers had to walk a distance before being able to locate the required products. The need for affordable and convenient

transportation services was the next desire on the elderly's list of comments as these elderly consumers perceived carrying heavy packages as a problem. These older retirees' concern has highlighted to retailers that the lack of transportation may reduce the number of shopping trips and the goods purchased per trip by older consumers. In the said study, these consumers also asked for delivery service to be provided for ease of their shopping. Also important were the need for bigger prints in price tags and labels, faster checkout provision and the need for smaller packages (especially for perishable products). The requirements for bigger prints and faster checkout provision were due to the psychosocial aging occurring in these older consumers while the older retirees' requirements for smaller packages was to avoid perishable products from spoilage or stale due to slow consumption. Lastly, the elderly consumers suggested availability of rest facilities to cater to older shoppers who needed rest, purchase assistance for provision of additional information on products, parking near entrance for convenience as well as assistance in package carryout.

The national study by Lumpkin and Greenberg (1982) on apparel-shopping patterns of the elderly consumers, found that in reaching and appealing to the elderly consumers, creating a personal relationship between store personnel and the elderly consumer was more important than emphasizing fashion, price, or convenience-related appeals. The study found that the elderly consumers liked to shop where they are known by store personnel. On the contrary, they do not perceive the store personnel to be knowledgeable or helpful. As the older consumers do not like to try new stores, the elderly were good candidates for store loyalty. It also found the importance of store reputation to be an important attribute as compared to apparel brand or label. This has encouraged retailers to reach the elderly consumers regardless of specific brands carried in their store. Furthermore, Lumpkin and Greenberg (1982) also found that and that their spending power did not seemed to be restricted. However, the study argued that low price was least important to the older consumers.

Expanding on the above two studies was the study by Lumpkin, Greenberg and Goldstucker (1985) on identification and measuring the store attributes which the elderly seek when they shop for apparels. A somewhat different result was reported, that is elderly consumers basically look for ability to return unsatisfactory products, product quality with attractive prices and fashion goods of suitable style and size. Also desired were store reputation, convenient parking and readable labels and tags. Furthermore, variety in one store, sales (marked-down prices), ease in finding items, knowledgeable salespersons, availability of advertised products and finally help in finding the goods were among the other wants of this group. In this study, Lumpkin et al (1985) further analysed the attributes in terms of age differences and found that age was an important segmentation criteria. Retailers should provide knowledgeable salespersons to assist the 75 plus consumers in locating products required. For the 65 to 75 age group, ease of finding items, readable labels and tags and convenient parking were more important.

Consistent with Lumpkin et al's (1985) study, Curasi (1995) also found that price and service were two important attributes sought by the older consumers. In her study, Curasi investigated the preferred retail store dimensions of a sample of male senior citizens in the Central Florida community. The main findings in the study were that male senior citizens placed higher priority on the depth and breadth of merchandise than other dimensions of retail store image. Time wasted to reach the destination was not a concern to this group of retirees as they loathed going from store to store to locate the products needed. Shopping was not a social or recreational activity to this group. Customer service was the second most important attribute. The retirees related their past encounters with rude sales personnel which had caused them to leave without purchasing the required products. The other attributes worth mentioning were availability of quality products in the store, competitive pricing, convenience of store's location and familiarity of the store.

The importance of service, especially in the relationship between store personnel and the elderly consumer was further supported by a specific study in this area by Johnson-Hillery, Kang and Tuan (1997). In general, the findings concluded that the age of the retail sales personnel was influencing the interaction between elderly consumers and retail sales personnel. This opened new ideas and the possibility for retailers to hire older retail sales personnel to increase the likelihood of a sale. Concurring with the results of Lambert's (1979) study, this study also found bigger prints on labels/tags to be an important factor to the elderly consumers. Thirdly, layout accessibility was mentioned to be an important factor in the said study. This was to make convenient to the elderly consumers to locate merchandise. Racks that were not too crowded and aisle for easy movement were suggested. Lastly, elderly consumers preferred to deal with older retail sales personnel.

In the same aspect of non-food purchase behavior, Burt and Gabbott (1995) made a study in the areas of patronage behavior and attitudes to store attributes of the older consumers in a British context. Preferences over eight store types were examined in this study. Notwithstanding the many studies made in this area in the United States, the authors believed that differences in culture which reflected differences in retail structure and retail format would cause different experiences and different responses among the British consumers. Age and gender were among the main determinants of the patronage behavior. The "young" elderly preferred national clothing chains while the "older" elderly exhibited greater inclination to patronize local stores. On the other hand, female shoppers were found to have greater inclination for departmental stores and national clothing chains as compared to their male counterparts, who preferred local clothing stores. In terms of store choice, the British elderly seemed to value product-related factors such as quality and product features (style/fit) while variety and price were considered secondary factors. On the contrary, factors related to the store such as location, environment, service and reputation were deemed unimportant.

Further to apparel shopping, attributes involved in food shopping were the other area of specialization in the study of older consumers' shopping behavior. Hare, Kirk and Lang (1999) used critical incident theory (CIT) framework in its analysis on the quality of the food shopping experience study. Results showed that key retail elements related to food shopping were merchandise related (quantity, sizes, price, promotions and quality aspects); retail practices (checkout system and store outlook), staff issues and internal store design (clear signage). This study further expanded into the external factor and identified areas of concern in accessibility, personal factors, external shopping environment and the social aspects.

There also have been researches conducted on the lifestyle groupings or psychographics of the elderly. Lifestyle groups tended to differ significantly when considering store/personnel quality but did not differed significantly when considering store characteristics, discount/sales policies or service attributes (Oates, Shufeldt and Vaught, 1996). Oates et al (1996) argued that lifestyle segmentation provided more valuable information on the older consumers than chronological age. The study generated 5 lifestyle clusters and if marketers can identify the lifestyles of their elderly customers, they can begin to deliver more appropriate products and services. The five clusters generated were family oriented, young and secure, active retiree, self-reliant and quiet introvert.

In many studies, the elderly consumers were found to be brand loyal. They tended to switch brands less frequently. This has created a market that is hard to penetrate. On the contrary, Lipke (2001) discovered that brand loyalty was on the decline among the present elderly consumers. The introduction of generic products in the late 70s and the growth of private-label store brands in the 80s were among the factors causing the waning of brand loyalty (Lipke, 2001). Brand became secondary to pricing and value for money products. Specifically, Schiffman and Sherman (cited in Szmigin and Carrigan, 2001) has categorized the cognitively young elderly as more adventurous, i.e more likely to

try new products, switch brands and generally were more venturesome than older people in general. Both the authors have further supported the notion that the elderly will buy something new, if they feel they will benefit from the purchase.